

**ANNUAL QUESTIONNAIRE FOR AUTHORISED PROFESSIONAL FIRMS
INSTRUMENT 2006**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers); and
 - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 6 July 2006.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.
- F. The Professional Firms sourcebook (PROF) is amended in accordance with Annex C to this instrument.

Citation

- G. This instrument may be cited as the Annual Questionnaire for Authorised Professional Firms Instrument 2006.

By order of the Board
25 May 2006

Annex A

Amendments to the Glossary of definitions

In this Annex underlining indicates new text and striking through indicates deleted text.

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*designated
professional body*

a professional body designated by the Treasury under section 326 of the *Act* (Designation of professional bodies) for the purposes of Part XX of the *Act* (Provision of Financial Services by Members of the Professions); ~~as at 21 June 2001~~ the following professional bodies have been designated in the Financial Services and Markets Act 2000 (Designated Professional Bodies) Order 2001 (SI 2001/1226), the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2004 (SI 2004/3352) and the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2006 (SI 2006/58):

- (a) The Law Society of ~~(England and~~ Wales);
- (b) The Law Society of Scotland;
- (c) The Law Society of Northern Ireland;
- (d) The Institute of Chartered Accountants in England and Wales;
- (e) The Institute of Chartered Accountants of Scotland;
- (f) The Institute of Chartered Accountants in Ireland;
- (g) The Association of Chartered Certified Accountants;
- (h) The Institute of Actuaries; ~~;~~
- (i) The Council for Licensed Conveyancers; and
- (j) The Royal Institution of Chartered Surveyors.

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Annex B

Amendments to the Supervision manual

In this Annex underlining indicates new text and striking through indicates deleted text.

SUP 16 Annex 9R: Annual questionnaire for authorised professional firms

1. Annual questionnaire for authorised professional firms

(for FSA use only)



Annual questionnaire for Authorised professional firms

FSA Handbook Reference: *SUP 16 Annex 9R*
20-September-2004

Name of firm

FSA firm reference number

Accounting Reference Date

The Financial Services Authority
~~Notification, Reporting and Data Maintenance Department~~
~~44th Floor~~
Revenue and Information Management Department
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 20 7676 7066 1000
Website <http://www.fsa.gov.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Guidance notes

This form should be completed only by *authorised professional firms* as defined in the *FSA's Handbook of rules and guidance*.

Completing this Form

This form must be submitted to the *FSA* within four months of the *accounting reference date* to which it relates.

The ~~Form~~ form must be completed in black ink and (if in manuscript) in BLOCK LETTERS.

All dates must be provided in numeric form (e.g. 29/02/2000 for 29 February 2000).

Tick the appropriate box where a yes/no answer is required.

~~Further details must be given in section 4 (supplementary information) if there is insufficient space for a detailed answer.~~

~~Additional information can be attached to the Form. It must be securely attached to the rest of the form and you must indicate at question 4.02 the number of additional sheets attached.~~

Expressions in the form in italics have the meaning given in the *Glossary* to the *FSA's Handbook of rules and guidance* (or, if no meaning is given there, are to be interpreted in accordance with the related expressions defined in the *Glossary*).

Section 1 – Professional regulation

This section must be completed to show which of the *designated professional bodies* the *firm* is regulated by.

Section 2 – Supervision and monitoring data

The questions must be completed for the period ending on the *firm's* latest *accounting reference date*.

Section 3 – Financial resources and reporting

The questions must be completed for the period ending on the *firm's* latest *accounting reference date*.

Section 4 – Supplementary information

This section provides space for additional information which could not be included elsewhere in the form.

If there is still insufficient space, please use a separate sheet or sheets, marked with the *firm's* name and FSA firm reference number. Additional information must be securely attached to the rest of the form and you must indicate in question 4.02 the number of additional sheets attached.

Declaration

~~The declaration must be signed as follows:~~

- ~~(i) If the *firm* is a sole practitioner, by that person;~~
- ~~(ii) If the *firm* is a *partnership* (or *limited liability partnership*), by two *partners* (or designated members);~~
- ~~(iii) If the *firm* is a *company*, by two *directors*. If the *company* has only one *director*, by the *director* and the *Company Secretary*.~~

See SUP SUP 16.3 for method of submission.

~~Annual questionnaire for authorised professional firms~~

1.01 Legal status

Indicate whether the *firm* is:

a an individual who is entitled to ~~practice~~ practise a profession regulated by a *designated professional body* and in doing so is subject to its rules; or YES NO


b a *person* (not being an individual) which is managed and controlled by one or more individuals each of whom is entitled to ~~practice~~ practise a profession regulated by a *designated professional body* and in doing so is subject to the rules of the *designated professional body*. YES NO

1.02 Designated Professional Body

To which of the following *designated professional bodies* is the ~~firm~~ firm subject?

PLEASE TICK ALL

- APPROPRIATE BOXES
- The Association of Chartered Certified Accountants
 - The Institute of Actuaries
 - The Institute of Chartered Accountants in England & Wales
 - The Institute of Chartered Accountants in Ireland
 - The Institute of Chartered Accountants of Scotland
 - The Law Society of (England & Wales)
 - The Law Society of Scotland
 - The Law Society of Northern Ireland
 - The Council for Licensed Conveyancers
 - The Royal Institution of Chartered Surveyors

 I have supplied further information related to this page in Section in 4.01 YES NO

2.01 Business – general information

**Latest period
£000**

**Previous period
£000**

a What was the total income (excluding VAT) from all the business activities (including *regulated activities*) of the *firm* during the latest and previous periods?

Please state length of period if not 12 months

b Please indicate the *firm's* **four main business activities**.

- 1. Accounts preparation/bookkeeping
- 2. Audit
- 3. Business start-ups
- 4. Consultancy
- 5. Corporate Finance
- 6. Information Technology
- 7. Insolvency
- 8. Investment business
- 9. Payroll preparation
- 10. Taxation
- 11. Pensions advice to individuals
- 12. Advice to pension scheme trustees
- 13. Technical advice to product providers
- 14. Banking & Finance
- 15. Competition
- 16. Corporate/Commercial
- 17. Crime

- 18. Defamation
- 19. Employment
- 20. Human Rights
- 21. Immigration
- 22. Intellectual Property
- 23. Landlord & Tenant
- 24. Matrimonial/Family
- 25. Personal Injury
- 26. Planning
- 27. Probate/Executory
- 28. Professional Negligence
- 29. Property/Conveyancing
- 30. Road Traffic
- 31. Trusts
- 32. Other

Specify: _____

c Does the *firm* have any branches or other places of business? YES NO

d b Does the *firm* have any appointed representatives? YES NO

If YES, how many?
(Give figure as at the date of this questionnaire)

 I have supplied further information related to this page in Section 4 YES NO

2.02 Income from mainstream regulated activities

a What was the total income from the *firm's mainstream regulated activities* during the latest and previous periods?
(Income excludes commission rebated to *clients* (as defined for *PROF*) or used to enhance policies)

b During the period, what please indicate the proportion of this income was generated from: the following *regulated activities*?
(An estimate to the nearest 10% is sufficient)

	Percentage
i) Fund <u>Investment management activities</u> (see 3.08 9)	
ii) Corporate finance <u>activities</u> (see 2.04)	
iii) Packaged products <u>Retail investment activities</u>	
iv) <u>Mortgage mediation activities</u>	
v) <u>Insurance mediation activities</u>	
iv) vi <u>Other</u>	
TOTAL	100 %

2.02 c How much income from *regulated activities* arose from ~~retained commission received from third parties~~? **£000**

(An estimate to the nearest 10% is sufficient.)

d c Did the *firm* during the period: carry on any regulated activities in relation to

- (i) Trusts _____ YES NO
- (ii) Powers of attorney _____ YES NO
- (iii) Pension transfers/pension opt-outs _____ YES NO
- (iv) FSAVCs _____ YES NO
- (v) Endowments _____ YES NO
- (vi) Handling (i) Handle client money?
(i.e. money held in the course of *designated investment business*, mortgage mediation activity or insurance mediation activity)
YES NO
- (vii) Handling (ii) Handle custody assets?
(i.e. assets held in the course of *designated investment business*) e.g. custodial investments)
YES NO
- e** Did the *firm* during the period introduce *clients* to other *authorised persons*? _____ YES NO

2.03 Execution-only transactions

How many transactions during the period in the course of mainstream regulated activities were *execution-only* transactions? None

1 – 10

> 10

(PLEASE TICK APPROPRIATE BOX)

I have supplied further information related to this page in Section 4 YES NO

Annual questionnaire for authorised professional firms

2.04 Did the *firm* carry out any **corporate finance business** in the period? YES NO

If YES

Describe the nature of services provided during the period (summarise if necessary), and indicate whether the *firm* or any individual, *company* or trust within or associated with the *firm*, has taken an equity share as a result of a deal or been remunerated on a contingency basis.

Nature of services provided _____ Equity share taken or contingency basis for fee?

YES NO

YES NO

YES NO

YES NO

YES NO

 I have supplied further information related to this page in Section 4 YES NO

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2.04 5 Life policies

Were any *life policies*, including *pension policies* arranged by the *firm* **surrendered or cancelled** in the period? YES NO

If YES

(i) How many?

(ii) Are any of them associated with a complaint against the *firm* about ~~peer~~ the advice on investments provided? YES NO

If YES, how many?

2.05 6 Indemnity commission

Was the *firm* ~~been~~ asked to repay or did it repay **indemnity commission** during the period? YES NO

If YES

(i) On how many cases?

(ii) Do these requests for repayment represent more than 5 per cent of the *firm's commission* income received on indemnity terms during the period? YES NO

2.06 7 Material changes

Since the *accounting reference date*, have there been, or will there be, changes in the way the *firm* carries on its *regulated activities* or other business, which may have a material effect on the type and volume of such work? YES NO

If YES, please explain the main changes and their expected effects.

(e.g. New branch or department ~~dealing with regulated activities~~, new computer systems, employment of staff with relevant expertise, merger of businesses, ~~hiving off of business area dealing with regulated activities~~)

2.07 8 Record keeping

a Has the *firm* maintained **accounting and other records** in accordance with the *FSA's Handbook of rules and guidance*? YES NO

If NO, please explain

b Has the *firm* maintained records to enable the *FSA* to verify the calculations prepared to support the financial declarations made in this questionnaire? YES NO

If NO, please explain

 I have supplied further information related to this page in Section 4 YES NO

2.08 9 Professional indemnity insurance

a Are the terms of the *firm's* professional indemnity insurance policy compliant with the requirements set out in the Handbook? YES NO
(The professional indemnity insurance requirements for *authorised professional firms* are set out in PRU 9.2 and IPRU(INV) 13.)

If NO, please explain.

b Does the policy exclude any type of business or activity that has been carried on by the *firm* in the past, or that is currently carried on by the *firm* or that will be carried on by the *firm* during the time for which the policy is in force? YES NO

If YES, please provide further information on the excluded line of business or activity and explain how the *firm* has mitigated (or will mitigate) the risk of not having the business or activity covered in the policy.

c In relation to the *firm's* current policy, please provide the following information:

(i) Expiry date of the *firm's* current professional indemnity policy.
(For *firms* who are members of the Law Society of Scotland: please give details of the *firm's* *firm's* professional indemnity insurance under the Law Society of Scotland's Master Policy.)

b-(ii) Limit of indemnity: per claim

in aggregate

c (iii) Excess per claim

d (iv) Annual premium



I have supplied further information related to this page in Section in 4.01 YES NO

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3.01 Material change in total income

a Was there any material change in the *firm's* total income (from all activities) during the period as compared with the previous period?

YES NO

If YES, please give details

For the purposes of this question 'material' is regarded as 25% of total income at the end of the accounting period, but will depend also on the size and nature of the *firm's* business.

Details should include the actual change in the figures to show the impact and the reasons for the change, which might include opening a new branch/office, gain/loss of sources of business, downsizing/merger.

b Has the *firm* made a profit after tax for the period?

YES NO

If NO, please explain how the loss has occurred.

3.02 Net assets and liabilities

a If the *firm* has produced accounts with a balance sheet as at the ~~end of the period ending on the firm's~~ *firm's* latest accounting reference date, please state the *firm's* total:

Latest Accounting Reference Date

Previous Accounting Reference Date

(i) net assets, or

(ii) net liabilities

b If the *firm* has net liabilities, please explain how the *firm* has met its liabilities and will continue to meet them as they fall due in future.

 I have supplied further information related to this page in Section 4 YES NO

3.03 Bank position

a Please state the *firm's* net bank position at the *firm's* latest *accounting reference date*

- (i) net credit balance (£000), or
- (ii) net overdrawn balance (£000)

b Overdraft facility (£000)

c Overdraft review date

d Details of security for the overdraft

3.04 Other loans borrowings

Please state whether the *firm* has any other ~~loans~~ borrowings.

YES NO

If YES, please give details

3.05 Bank overdraft

If the above bank balance is overdrawn by more than the overdraft limit, please provide details of the current position and explain how the *firm* has met and will continue to meet its liabilities as they fall due.

3.06 Contingent liabilities

Are there outstanding any legal proceedings or County Court Judgements or Decrees (Scotland) against the *firm* or its principals or any other contingent liabilities that may affect the *firm's* ability to meet its liabilities as they fall due in the future?

YES NO

If YES, please give details

 I have supplied further information related to this page in Section 4 YES NO

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3.07 Solvency

Have the *partners/directors* of the *firm* carried out appropriate procedures to enable them to satisfy themselves that the *firm* is able to meet its liabilities as they fall due until the end of the current accounting period (or twelve months from the last *accounting reference date*, if later)?

YES NO

(Supporting papers should be retained. The *FSA* may at any time require a *firm* to produce evidence to demonstrate that it can meet this requirement.)

3.08 Pensions/FSAVCs

Has the *firm* had to review any *pension transfer/pension opt out or FSAVC* cases? (This information is additional to that information provided in the return to the Pensions Review Monitoring Department)

YES NO

If YES, please provide the following information in respect of the amounts that have been included in the *firm's* accounts to its latest *accounting reference date*, or would be included if the accounts had been prepared by the date of signature of this Questionnaire

Accounting Reference Date _____ **£000**

a The provision in respect of redress

b The provision for the cost of conducting the review to completion

c Details and amounts of any contingent liabilities not recorded on the balance sheet in respect of *pension transfers and pension opt outs or FSAVCs*

3.09 3.08 Fund Investment management

Did the *firm* provide any investment management services act as an *investment manager* during the period?

YES NO

If YES, please provide the following information:

a If this includes **discretionary** management, what type of services has the *firm* provided during the period?

(e.g. *Managing investments for private customers/intermediate customers/non-UK customers, trustee activities, ISA manager management*)

b Funds under **discretionary** management:

Date

£000

(i) At the start of the accounting period

(ii) At the end of the accounting period

(iii) At latest practicable date within 1 month of date of signature of the Declaration on page 12

 I have supplied further information related to this page in Section YES NO

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4.01 Please use this space to provide any additional information relating to the previous sections.

If there is insufficient space, please continue on a separate sheet of paper, and clearly identify the section and question to which the additional information relates. Please include the name of the *firm* and the FSA firm reference number.

Question

Information

4.02 How many additional sheets are being submitted?

~~Annual questionnaire for authorised professional firms~~

Declaration

THIS DECLARATION MUST BE COMPLETED BY ALL FIRMS

I/ we confirm that the ~~firm~~ firm is, and continues to be, an ~~'authorised professional firm'~~ *authorised professional firm*. ~~as defined in the Financial Services Authority's Handbook of Rules and Guidance.~~

I/ we declare that the ~~firm~~ firm is able to meet its liabilities as they fall due until the end of the current accounting period (or twelve months from the last accounting reference date, if later).

Knowingly or recklessly giving the ~~FSA~~ FSA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the ~~FSA~~ FSA merely because it is in the public domain or has previously been disclosed to the ~~FSA~~ FSA or another regulatory body.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.

Name of *firm*

FSA firm reference number

Name of first signatory_

Position of first signatory

Signature of first signatory

Date

Name of second signatory_

Position of second signatory

Signature of second signatory

Date

_ The declaration must be signed as follows:

- (i) If the *firm* is a sole practitioner, by that person;
- (ii) If the *firm* is a *partnership* (or *limited liability partnership*), by two *partners* (or designated members);
- (iii) If the *firm* is a *company*, by two *directors*. If the company has only one *director*, by the *director* and the Company Secretary.

~~Annual questionnaire for authorised professional firms~~

Transitional Provisions and Schedules

SUP TP 1 Transitional provisions

SUP TP 1.1 Transitional provisions applying to the Supervision manual only

Definitions for these transitional provisions, additional to those in the *Glossary*, are provided at paragraph 16 of the table.

SUP TP 1.2

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
<u>12I</u>	<u>SUP 16.7.54R</u>	<u>R</u>	<u>Until 6 September 2006, an authorised professional firm will not contravene SUP 16.7.54R if it submits to the FSA the annual questionnaire that was contained in SUP 16 Annex 9 immediately prior to 6 July 2006.</u>	<u>6 July 2006 – 6 September 2006</u>	<u>6 July 2006</u>
...					

Annex C

Amendments to the Professional Firms sourcebook

In this Annex underlining indicates new text.

PROF 2 Annex 1G

Status of exempt professional firm

On 28 March 2001 the following professional bodies were designated by the Treasury under section 326(1) of the *Act*:

The Law Society of England & Wales

The Law Society of Scotland

The Law Society of Northern Ireland

The Institute of Chartered Accountants in England & Wales

The Institute of Chartered Accountants of Scotland

The Institute of Chartered Accountants in Ireland

The Association of Chartered Certified Accountants

The Institute of Actuaries_

On 14 January 2005, the Council for Licensed Conveyancers was designated by the Treasury under section 326(1) of the *Act*.

On 10 February 2006, the Royal Institution of Chartered Surveyors was designated by the Treasury under section 326(1) of the *Act*.